

Senate Study Bill 1208

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON LAMBERTI)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to Iowa agricultural industry finance
2 corporations, by providing for the assignment of an Iowa
3 agricultural industry finance loan, and providing an effective
4 date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 3544XC 80
7 da/cl/14

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1 1 Section 1. Section 15E.208, subsection 3, paragraph b, is
1 2 amended to read as follows:
1 3 b. The Iowa agricultural industry finance loan shall be
1 4 repayable upon terms and conditions negotiated by the parties.
1 5 (1) The repayment period shall begin six years following
1 6 the date when the Iowa agricultural industry finance loan is
1 7 awarded and end twenty-five years after the date that the
1 8 repayment period begins.
1 9 (2) At least four percent of the amount of the Iowa
1 10 agricultural industry finance loan due shall be paid each year
1 11 to the department. However, the department may accept an
1 12 assignment of a loan made by the corporation providing
1 13 financing to an eligible person pursuant to section 15E.209.
1 14 The assigned loan shall grant to the department the
1 15 corporation's right to payment under the loan. Any such
1 16 assignment shall be made by an agreement executed by the
1 17 department and the corporation. The assignment agreement
1 18 shall be subject to all of the following:
1 19 (a) The period of assignment may be for any number of
1 20 years. The department shall apply to the amounts due under
1 21 the Iowa agricultural industry finance loan the principal,
1 22 interest, and fees which the eligible person is obligated to
1 23 pay under the assigned loan. The total amount of the
1 24 principal, interest, and fees that the eligible person is
1 25 obligated to pay to the department during the period of
1 26 assignment plus any other repayment of the Iowa agricultural
1 27 industry finance loan made by the corporation to the
1 28 department must equal the amount of the Iowa agricultural
1 29 industry finance loan that the corporation would otherwise be
1 30 obligated to repay the department during that same period.
1 31 However, the agreement may provide that during any year of the
1 32 assignment period the eligible person may pay more or less
1 33 than four percent of the amount of the Iowa agricultural
1 34 industry finance loan that the corporation would otherwise be
1 35 obligated to repay during that year.
2 1 (b) The assignment agreement shall contain conditions
2 2 relating to the right of payment assigned to the department
2 3 which may include securing the payment obligation in any
2 4 manner that allows the department to enforce a debt against
2 5 the property of the eligible person. The department shall not
2 6 have a right of recourse against the corporation for any
2 7 amount required to be applied from the assigned loan to the
2 8 Iowa agricultural industry finance loan.
2 9 (3) The corporation shall not be subject to a prepayment
2 10 penalty.
2 11 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
2 12 immediate importance, takes effect upon enactment.
2 13 EXPLANATION
2 14 BACKGROUND == IOWA AGRICULTURAL INDUSTRY FINANCE
2 15 CORPORATIONS. Under Division XIX of Code chapter 15E, an Iowa
2 16 agricultural industry finance corporation (corporation) is a
2 17 private business which is recognized by the state to provide
2 18 financing to eligible persons who are engaging in specific
2 19 agricultural industrial ventures (an agricultural products
2 20 processor or an agricultural biotechnology enterprise). There

2 21 is one such corporation currently organized that has received
2 22 an Iowa agricultural industry finance loan from the department
2 23 of economic development. The general assembly appropriated
2 24 \$25,000,000 to the department of economic development, subject
2 25 to repayment, for purposes of awarding such a loan to an
2 26 eligible corporation in order to finance these ventures (see
2 27 1998 Acts, chapter 1207). The corporation must repay the
2 28 department \$1,000,000 (4 percent of the total amount of the
2 29 loan) each year for 25 years. The moneys are to be deposited
2 30 into the road use tax fund.

2 31 This bill provides that the department may accept an
2 32 assignment of a loan made by the corporation providing
2 33 financing to an eligible person. The period of assignment may
2 34 be for any number of years. The bill provides that under an
2 35 assignment agreement moneys paid by the eligible person to the
3 1 department are in lieu of the amount of moneys required to be
3 2 paid by the corporation to the department. The eligible
3 3 person does not have to pay \$1,000,000 per year but the total
3 4 amount paid under the agreement must equal the amount that the
3 5 department would have received from the corporation during
3 6 that same period. The bill provides that the assignment
3 7 agreement must contain conditions relating to the right of
3 8 payment assigned to the department which may include creditor
3 9 rights. The bill provides that the department has no right of
3 10 recourse against the corporation for amounts that are not
3 11 collected under the loan assignment.

3 12 The bill takes effect upon enactment.

3 13 LSB 3544XC 80

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